Michigan State Historic Preservation Tax Credit

PA 343 of 2020

PA 343 of 2020 requires the Michigan State Historic Preservation Office to conduct a public rulemaking process. Items such as application procedures, more detailed eligibility requirements, transfer rules, etc. will be determined through this process. Rulemaking is expected to be conducted in Winter/Spring 2021.

Definition

A tax credit is a dollar for dollar reduction in taxes owed. The State Historic Preservation Tax Credit is a credit against state income tax liability. The credit is twenty-five percent (25%) of qualified rehabilitation expenditures.

Eligibility

Expenditure Requirements
- For commercial properties, expenditures must exceed 10% of the state equalized value.
- For residential properties, expenditures must exceed $1,000 (adjusted annually on “Detroit Consumer Price Index”).

Ownership Requirements
- Commercial Credits for Income Producing Properties
  - Owner
  - Lessee for 31.5 years
- Residential Credits
  - Owner
  - Lessee for 27.5 years
- Types of Entities
  - Corporations
  - Associations
  - Partnerships
  - Individuals
  - Non-profits

Designation Requirements
- National Register of Historic Places
- State Register of Historic Sites
- Local historic district

(Individually Listed or Contributing to a Listed District)
Availability

- $5 million in credits each calendar year
  - $2 million for commercial with expenses of $2 million or greater
  - $2 million for commercial with expenses of less than $2 million
  - $1 million for residential
- No project can receive more than $2 million in one calendar year
- Credits awarded on a first-come, first-serve basis

Usage Requirements

- Maintain property under Secretary of the Interior’s Standards for Rehabilitation for 5 years after project completion.
- Retain ownership of the property for 5 years after project completion.
- May claim up to 10 years after the project completion date. Must initially claim within 5-years or forfeit credit.

Transferability

- Credits may be transferred to another entity.